EXHIBIT 12
DATE 2-16-09
HB 491

HOW BIG IS A 2¢/KWH ERROR IN THE COMMISSION DETERMINED AVOIDED COST RATE FOR A 50 MEGAWATT FACILITY?

1. Assume a 50 Megawatt cogeneration facility with a capacity factor similar to a coal plant [80%].

   That means the facility runs approximately 7,000 hours during the year [8760 X .80 = 7008].

   A megawatt is a 1,000 kilowatts, or a megawatt hour is a 1,000 kilowatt hours.

   The Qualify Facility will produce roughly 350,000 Mwh, or 350,000,000 Kwh per year.

2. Assume the Qualifying Facility wants a standard rate 35 year contract.

3. With a 2¢/kwh error in the Commission determined avoided cost rate, which is the same as a $20/mwh error, **THE OVERPAYMENT FOR THIS FACILITY WOULD BE VERY CLOSE TO A QUARTER OF A BILLION DOLLARS.**

50 Megawatts X 7000 X $20 = $7,000,000 per year in over payments, or $245 million over the life of the contract.

HOW BIG IS AN 80 MEGAWATT QUALIFYING FACILITY IN THE MONTANA-DAKOTA UTILITIES CO. SERVICE TERRITORY IN MONTANA?

In Montana, a qualifying facility can be up to **80** megawatts in size. Mont. Code Ann, § 69-6-601(4)(c).

That is larger than Montana-Dakota's average month load in Montana in every single month of 2008.

> Average monthly load in Montana in 2008 ranged from a low of 57.7 megawatts in September, to a high of 79.4 megawatts in July.
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> Peak load in Montana in 2008 ranged from a low of 75.5 megawatts in April to a high of 120 megawatts in July.

An 80 megawatt Qualifying Facility would be larger than any generating facility that Montana-Dakota itself owns in Montana.